GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:147
ANSWERED ON:11.12.2003
ELECTRICITY ACT
M. JAGANNATH

Will the Minister of POWER be pleased to state:

(a) whether the Government is aware that the implementation of certain provisions of the Electricity Act, 2003 would lead to increase in power tariff for the ordinary consumers;

(b) if so, whether this aspect has been brought to the notice of the Union Government by the States and by Andhra Pradesh Government in particular in August, 2003;

(c) if so, the response of the Government thereto; and

(d) the methodology to be adopted by the Government to sort out the objections?

Answer

THE MINISTER OF POWER (SHRI ANANT GANGARAM GEETE)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO147 TO BE ANSWERED IN THE LOK SABHA ON 11.12.2003 REGARDING ELECTRICITY ACT, 2003.

(a) : The Electricity Act, 2003 is a progressive legislation that provides for measures conducive to development of electricity industry, promoting competition therein, protecting interests of consumers and supply of electricity to all areas, rationalization of electricity tariff, ensuring transparent polices regarding subsidies, promotion of efficient and environmentally benign policies etc.

(b) : Governments of Andhra Pradesh, Karnataka, Rajasthan and Punjabhave written to the Government of India highlighting some of the issues connected with the Electricity Act, 2003. Government of Andhra Pradesh while supporting the overall objectives of the Electricity Act, 2003 which is a critical legislation to facilitate development and improved management of the power sector by promoting measures conducive to promotion of competition and encouraging private participation, have raised concerns about some of the provisions of the Act. While supporting open access, concern has been expressed regarding the liberal definition of captive generation, exemption from surcharge for such captive generation to take care of cross subsidy, provisions relating to parallel distribution networks in the area of existing distribution licensee, operational provision relating to theft and period of disconnection.

(c) & (d) : The Electricity Bill 2001 was introduced in the Lok Sabha inAugust, 2001. This was evolved on the basis of a broad consensus after detailed and in depth discussions with the States and all other stakeholders. The Bill had, along with other progressive features, the provisions for Captive generation being freely permitted and having right to non-discriminatory open access through the grid without payment of surcharge and also for more than one distribution licensee operating in the same area of supply.

The Bill was referred to the Standing Committee on Energy in theLok Sabha, which again undertook detailed consultation with all stakeholders including State Governments. The Government accepted most of the recommendations of the Standing Committee. The liberal definition of captive generation was incorporated in the Act on the basis of the recommendations of the Standing Committee.